

Agency Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	1,095.05	10.70	59.64	1,165.39	14.70	59.64	1,169.39	1,169.39
Personal Services	46,769,287	2,739,947	2,379,130	51,888,364	2,893,278	2,376,509	52,039,074	103,927,438
Operating Expenses	53,475,361	6,939,418	3,410,996	63,825,775	6,565,933	6,472,852	66,514,146	130,339,921
Equipment	186,727	0	0	186,727	0	0	186,727	373,454
Capital Outlay	0	0	0	0	0	0	0	0
Benefits & Claims	6,072,076	0	0	6,072,076	0	0	6,072,076	12,144,152
Debt Service	292,045	0	0	292,045	(108,354)	0	183,691	475,736
Total Costs	\$106,795,496	\$9,679,365	\$5,790,126	\$122,264,987	\$9,350,857	\$8,849,361	\$124,995,714	\$247,260,701
General Fund	104,019,287	9,085,456	5,397,483	118,502,226	8,766,142	8,466,422	121,251,851	239,754,077
State/Other Special	2,084,959	242,510	392,643	2,720,112	239,459	382,939	2,707,357	5,427,469
Federal Special	228,677	326,175	0	554,852	326,175	0	554,852	1,109,704
Proprietary	462,573	25,224	0	487,797	19,081	0	481,654	969,451
Total Funds	\$106,795,496	\$9,679,365	\$5,790,126	\$122,264,987	\$9,350,857	\$8,849,361	\$124,995,714	\$247,260,701

Page Reference

Legislative Budget Analysis, D-64

Agency Issues*Additional Populations*

Projections prepared by the Department of Corrections show adult secure care populations growing beyond the safe capacity of the current secure care facilities. The executive had proposed addressing this projected increase through an expansion of the private prison in Shelby. The legislature was not in favor of expanding this facility, which is owned and operated by the Corrections Corporation of America. Instead the legislature took the following action:

- 1) The department will use all available beds at the Shelby facility as allowed under the current contract. This includes 88 beds that are currently occupied by offenders under the jurisdiction of the U.S. Marshall. The department provided the U.S. Marshall notice to remove their offenders from this facility.
- 2) The department will use all available beds at the county-managed regional prisons that are allowed under current contracts.
- 3) The department may seek out contract beds that would serve "special needs" offenders. These offenders include the elderly, those with advanced health or medical conditions, sex offenders, and drug addicts.
- 4) The legislature directed the department to renovate the old offender intake and reception center located at the Montana State Prison into a new revocation center that will hold 85 offenders.
- 5) The legislature supported an expansion of pre-release beds over the executive request by 158 beds in FY 2006 and by 287 beds in FY 2007.

Study Bill

The legislature approved a subcommittee bill to study the Department of Corrections during the interim. This bill provides an appropriation and would not be subject to ranking by the legislature. The bill also calls for a special committee. The study would take into consideration such items as prison facility site preferences, treatment options for offenders, recidivism rates, and the growth in the average daily adult population.

Executive Budget Comparison

The following table compares the legislative budget for the 2007 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2004	Executive Budget Fiscal 2006	Legislative Budget Fiscal 2006	Leg – Exec. Difference Fiscal 2006	Executive Budget Fiscal 2007	Legislative Budget Fiscal 2007	Leg – Exec. Difference Fiscal 2007	Biennium Difference Fiscal 06-07
FTE	1,095.05	1,105.75	1,165.39	59.64	1,109.75	1,169.39	59.64	
Personal Services	46,769,287	49,509,234	51,888,364	2,379,130	49,662,565	52,039,074	2,376,509	4,755,639
Operating Expenses	53,475,361	64,613,953	63,825,775	(788,178)	64,736,017	66,514,146	1,778,129	989,951
Equipment	186,727	186,727	186,727	0	186,727	186,727	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Benefits & Claims	6,072,076	6,072,076	6,072,076	0	6,072,076	6,072,076	0	0
Debt Service	292,045	292,045	292,045	0	183,691	183,691	0	0
Total Costs	\$106,795,496	\$120,674,035	\$122,264,987	\$1,590,952	\$120,841,076	\$124,995,714	\$4,154,638	\$5,745,590
General Fund	104,019,287	117,303,917	118,502,226	1,198,309	117,480,152	121,251,851	3,771,699	4,970,008
State/Other Special	2,084,959	2,327,469	2,720,112	392,643	2,324,418	2,707,357	382,939	775,582
Federal Special	228,677	554,852	554,852	0	554,852	554,852	0	0
Proprietary	462,573	487,797	487,797	0	481,654	481,654	0	0
Total Funds	\$106,795,496	\$120,674,035	\$122,264,987	\$1,590,952	\$120,841,076	\$124,995,714	\$4,154,638	\$5,745,590

The legislative budget has 59.64 more FTE in FY 2006 and FY 2007 than the executive budget. The legislative budget is \$1.6 million greater in FY 2006 and \$4.2 million more in FY 2007 than the executive budget. This difference is due to the following:

- General fund authority was not approved for \$1.4 million in FY 2006 and \$0.2 million in FY 2007 for a new offender tracking system
- 3.00 FTE and \$0.2 million was added in the biennium to process the collection of inmate supervisory fees
- A request from Montana's pre-release centers to increase per diem payments was approved for general fund of \$0.2 million in FY 2006 and \$0.5 million in FY 2007
- A request from the DUI program in Warm Springs to increase per diem payments was approved for general fund of \$0.1 million in each of FY 2006 and FY 2007
- A request from the county-managed regional prisons to increase per diem payments was approved for general fund of \$0.1 million in FY 2006 and \$0.3 million in FY 2007
- A request from Corrections Corporation of America to increase per diem payments was approved for general fund of \$0.2 million in FY 2006 and \$0.4 million in FY 2007
- The legislature decreased the executive budget for contract beds by \$2.8 million in FY 2006 and by \$4.5 million in FY 2007.
- The legislature added general fund of \$11.9 million to fund additional pre-release beds and an expansion at the Montana State Prison as follows:
 - Increased pre-release beds by 158 at a general fund cost of \$1.9 million in FY 2006 and by 287 beds with a general fund cost of \$4.5 million in FY 2007
 - Approved an expansion at the Montana State Prison in Deer Lodge, which will provide a revocation center that will house 85 offenders. The old intake and reception center will be converted to this revocation center. The legislature approved 56.64 FTE and general fund of \$2.8 million in FY 2006 and 56.64 FTE and general fund of \$2.7 million in FY 2007 to support this effort.

Agency Highlights

Department of Corrections Major Budget Highlights	
◆	General fund increases by \$31.7 million over the biennium
◆	<ul style="list-style-type: none"> The legislature addressed increases in secure care populations by: <ul style="list-style-type: none"> Additional authority for contract beds for \$5.9 million Additional beds for pre-release facilities for \$9.0 million Authority for a new revocation center at the Montana State Prison for \$5.5 million and 56.64 FTE Other increases were for: <ul style="list-style-type: none"> Additional probation and parole officers for \$1.4 million Overtime and holiday payout for secure care employees of \$2.3 million Increases in the rates paid to county-managed regional prisons, prerelease centers, the operator of the private prison in Shelby, and the WATCH program of \$1.9 million License plate re-issue of \$4.4 million Statewide present law adjustments

Funding

The following table summarizes funding for the agency, by program and source, as adopted by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2007 Biennium Legislative Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Admin And Support Services	\$ 19,941,833	\$ 475,121	\$ -	\$ 106,399	\$ 20,523,353	8.30%
02 Community Corrections	62,189,721	1,060,004	-	-	63,249,725	25.58%
03 Secure Custody Facilities	117,504,345	2,478,702	187,168	-	120,170,215	48.60%
04 Mont Correctional Enterprises	7,542,613	-	-	863,052	8,405,665	3.40%
05 Juvenile Corrections	32,575,565	1,413,642	922,536	-	34,911,743	14.12%
Grand Total	<u>\$ 239,754,077</u>	<u>\$ 5,427,469</u>	<u>\$ 1,109,704</u>	<u>\$ 969,451</u>	<u>\$ 247,260,701</u>	<u>100.00%</u>

Program Legislative Budget

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	94.50	0.00	3.00	97.50	0.00	3.00	97.50	97.50
Personal Services	3,754,812	828,384	88,437	4,671,633	825,857	90,510	4,671,179	9,342,812
Operating Expenses	5,987,744	(370,317)	53,902	5,671,329	(450,516)	(28,016)	5,509,212	11,180,541
Equipment	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$9,742,556	\$458,067	\$142,339	\$10,342,962	\$375,341	\$62,494	\$10,180,391	\$20,523,353
General Fund	9,542,890	479,855	20,000	10,042,745	406,339	(50,141)	9,899,088	19,941,833
State/Other Special	105,261	16,338	122,339	243,938	13,287	112,635	231,183	475,121
Federal Special	0	0	0	0	0	0	0	0
Proprietary	94,405	(38,126)	0	56,279	(44,285)	0	50,120	106,399
Total Funds	\$9,742,556	\$458,067	\$142,339	\$10,342,962	\$375,341	\$62,494	\$10,180,391	\$20,523,353

Page Reference

Legislative Budget Analysis, D-78

Funding

This program is funded primarily with general fund and has a minor amount of state special revenue and proprietary funds. State special revenue funds are from the inmate welfare fund, restitution, Montana State Prison canteen, and the Pine Hills Youth Correctional Facility canteen. Proprietary funds are from the ranch, the institution industries, and the prison industries.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				991,275					988,645
Vacancy Savings				(189,841)					(189,738)
Inflation/Deflation				(18,519)					(18,325)
Fixed Costs				(371,687)					(452,080)
Total Statewide Present Law Adjustments				\$411,228					\$328,502
DP 14 - Restitution Program Increase									
0.00	0	19,889	0	19,889	0.00	0	19,889	0	19,889
DP 18 - Board Of Pardons Member Per Diem									
0.00	26,950	0	0	26,950	0.00	26,950	0	0	26,950
Total Other Present Law Adjustments	0.00	\$26,950	\$19,889	\$0	\$46,839	0.00	\$26,950	\$19,889	\$0
Grand Total All Present Law Adjustments				\$458,067					\$375,341

DP 14 - Restitution Program Increase - The legislature approved state special revenue of \$19,889 in FY 2006 and \$19,889 in FY 2007. This is for processing restitution payments. The restitution unit collects restitution from offenders

and makes payments to victims of crime. This request relates to an increase in collections, which increases workload and operating costs. The annual increase of \$19,899 is comprised of \$11,090 in personal services costs and \$8,799 in operation costs. Operating costs include: postage, long distance phone calls, check printing, envelopes, and office equipment. The state began managing this program in October of 2003. Prior to that date the counties managed the program.

DP 18 - Board Of Pardons Member Per Diem - The legislature approved general fund of \$26,950 in FY 2006 and FY 2007 to fund the Board of Pardons' member per diem. Members receive \$50 per day for every day that the member is engaged in the performance of board duties. Board member compensation is outlined in 2-25-124 (7), MCA. This expenditure is a zero-based activity. The board conducts monthly hearings throughout the state at each of the prisons and pre-release centers. In addition to parole hearings, the board conducts numerous revocation, rescission, and administrative reviews. The activities of the board are expected to be accomplished in 77 days per fiscal year (77 days x \$50 per day x 7 board members = \$26,950).

New Proposals

New Proposals										
Program	FTE	Fiscal 2006				Fiscal 2007				Total Funds
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	
DP 317 - Transfer Contract Costs to Public Defender										
01	0.00	0	0	0	0	0.00	(50,141)	0	0	(50,141)
DP 318 - Collection of Inmate Supervisory Fees										
01	3.00	0	122,339	0	122,339	3.00	0	112,635	0	112,635
DP 319 - Security - Youth Records										
01	0.00	20,000	0	0	20,000	0.00	0	0	0	0
Total	3.00	\$20,000	\$122,339	\$0	\$142,339	3.00	(\$50,141)	\$112,635	\$0	\$62,494

DP 317 - Transfer Contract Costs to Public Defender - The legislature approved the transfer of certain functions and related funding from the Department of Corrections to the Statewide Public Defender Office.

DP 318 - Collection of Inmate Supervisory Fees - The legislature approved state special revenue of \$112,339 in FY 2006 and \$112,635 in FY 2007 to support collection of collection of supervisory fees received by the Department of Corrections from offenders. This decision package would transfer this collection function from the county Clerks of Court to the Department of Corrections. This funding is contingent upon passage and approval of HB 288.

DP 319 - Security - Youth Records - The legislature approved general fund of \$20,000 in FY 2006 to fund the adoption of measures to protect the security of electronic youth records. This funding is contingent upon passage and approval of SB 426.

Language

The legislature approved the following language for inclusion in HB2:

"The department shall report annually to the legislative finance committee by September 15 on the amounts collected by the restitution unit, the amounts disbursed to victims of crime by that unit, and the cost to administer the program."

"If House Bill No. 288 is not passed and approved, Administration and Support Services is reduced by \$122,339 in state special revenue in fiscal year 2006 and by \$112,635 in state special revenue in fiscal year 2007."

"If Senate Bill No. 426 is not passed and approved, Administration and Support Services is reduced by \$20,000 in general fund money in fiscal year 2006."

Program Legislative Budget

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	205.00	15.00	0.00	220.00	19.00	0.00	224.00	224.00
Personal Services	9,291,137	526,295	0	9,817,432	670,440	0	9,961,577	19,779,009
Operating Expenses	16,460,300	1,647,873	2,150,232	20,258,405	1,649,627	5,102,384	23,212,311	43,470,716
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$25,751,437	\$2,174,168	\$2,150,232	\$30,075,837	\$2,320,067	\$5,102,384	\$33,173,888	\$63,249,725
General Fund	25,447,607	1,947,996	2,150,232	29,545,835	2,093,895	5,102,384	32,643,886	62,189,721
State/Other Special	303,830	226,172	0	530,002	226,172	0	530,002	1,060,004
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$25,751,437	\$2,174,168	\$2,150,232	\$30,075,837	\$2,320,067	\$5,102,384	\$33,173,888	\$63,249,725

Page Reference

Legislative Budget Analysis, D-83

Funding

This program is funded primarily with general fund and has a minor amount of state special revenue funds. State special revenue funds are from supervision fees charged to each offender. Each supervised offender pays \$10 per month in supervision fees. These funds are used to fund probation and parole training and supplies.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					374,793					377,437
Vacancy Savings					(386,629)					(386,751)
Inflation/Deflation					(45,993)					(44,599)
Fixed Costs					(1,020)					(1,020)
Total Statewide Present Law Adjustments					(\$58,849)					(\$54,933)
DP 1 - Additional Probation & Parole Staff	15.00	640,247	0	0	640,247	19.00	782,230	0	0	782,230
DP 2 - Maintain Community Corrections Programs	0.00	1,335,622	0	0	1,335,622	0.00	1,335,622	0	0	1,335,622
DP 5 - Community Corrections Overtime	0.00	30,976	0	0	30,976	0.00	30,976	0	0	30,976
DP 13 - Supervision Fee Spending Authority	0.00	0	226,172	0	226,172	0.00	0	226,172	0	226,172
Total Other Present Law Adjustments										
	15.00	\$2,006,845	\$226,172	\$0	\$2,233,017	19.00	\$2,148,828	\$226,172	\$0	\$2,375,000
Grand Total All Present Law Adjustments					\$2,174,168					\$2,320,067

DP 1 - Additional Probation & Parole Staff - The legislature approved general fund of \$640,247 in FY 2006 and \$782,230 in FY 2007 to provide for an increase in FTE in adult probation and parole to handle increases in caseload.

Caseload is expected to increase from an estimated 7,000 offenders in FY 2005 to between 7,300 and 7,600 offenders in the 2007 biennium. The executive requests 15.0 FTE in FY 2006 and 19.0

FTE in FY 2007. These FTE would be in the following positions:

- 14.00 FTE as adult probation and parole officers or intensive supervision officers
- 1.50 FTE as Institutional probation and parole officers (housed at the Montana State Prison)
- 3.50 FTE as administrative staff to support the probation and parole officers

DP 2 - Maintain Community Corrections Programs - The legislature approved general fund of \$1,335,662 in FY 2006 and FY 2007 for community corrections to fund new beds in both new and existing facilities. The beds are to cover the projected increase in the adult offender population.

DP 5 - Community Corrections Overtime - The legislature approved funding for overtime of \$30,976 in FY 2006 and FY 2007. Overtime is a zero-base budget item.

DP 13 - Supervision Fee Spending Authority - The legislature approved state special revenue of \$226,172 in FY 2006 and FY 2007. This approval increases expenditure authority in the probation and parole supervision fee from \$303,828 to \$530,000. The number of offenders are expected to increase in the probation and parole programs. Therefore, there would be an increase in the collection of the fee. The additional amount will be used for increases in safety and training of probation and parole staff. This approval also includes \$30,000 of spending authority for the Interstate Compact Unit. Montana's Interstate Compact Unit has statutory authority to collect fees from offenders wishing to transfer to other states. The majority of the fees collected would go towards the \$18,000 annual national interstate fee. The remainder of the fees collected would be utilized for interstate staff training and equipment.

New Proposals

New Proposals										
Program	FTE	-----Fiscal 2006-----				-----Fiscal 2007-----				Total Funds
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	
DP 21 - Increase Amount Paid to Pre-release Centers										
02	0.00	241,031		0	241,031	0.00	482,062		0	482,062
DP 311 - WATCH per-diem increase										
02	0.00	52,582		0	52,582	0.00	105,164		0	105,164
DP 313 - Additional Beds Above the Executive Request										
02	0.00	1,856,619		0	1,856,619	0.00	4,515,158		0	4,515,158
Total	0.00	\$2,150,232		\$0	\$2,150,232	0.00	\$5,102,384		\$0	\$5,102,384

DP 21 - Increase Amount Paid to Pre-release Centers - The legislature approved an increase in the annual amount paid to pre-release centers. This is a general fund increase of \$241,031 in FY 2006 and \$482,062 in FY 2007.

DP 311 - WATCH per-diem increase - The legislature approved an increase in the annual amount paid to the WATCH program. This is a general fund increase of \$52,582 in FY 2006 and \$105,164 in FY 2007.

DP 313 - Additional Beds Above the Executive Request - The legislature approved general fund of \$1,856,619 in FY 2006 and \$4,515,158 FY 2007 for additional contract beds for pre-release centers.

Language

The legislature approved the following language for inclusion in HB2:

“The department shall report to the legislative finance committee, the law and justice interim committee, the governor, and the corrections advisory council by December 31, 2006, the results of any performance audit done on any prerelease center, regional prison, or private prison.”

Program Legislative Budget

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	578.45	(4.30)	56.64	630.79	(4.30)	56.64	630.79	630.79
Personal Services	24,796,692	478,782	2,290,693	27,566,167	480,481	2,285,999	27,563,172	55,129,339
Operating Expenses	28,157,335	1,594,065	936,558	30,687,958	4,553,975	1,128,180	33,839,490	64,527,448
Equipment	181,377	0	0	181,377	0	0	181,377	362,754
Capital Outlay	0	0	0	0	0	0	0	0
Debt Service	75,337	0	0	75,337	0	0	75,337	150,674
Total Costs	\$53,210,741	\$2,072,847	\$3,227,251	\$58,510,839	\$5,034,456	\$3,414,179	\$61,659,376	\$120,170,215
General Fund	51,971,390	1,979,263	3,227,251	57,177,904	4,940,872	3,414,179	60,326,441	117,504,345
State/Other Special	1,239,351	0	0	1,239,351	0	0	1,239,351	2,478,702
Federal Special	0	93,584	0	93,584	93,584	0	93,584	187,168
Total Funds	\$53,210,741	\$2,072,847	\$3,227,251	\$58,510,839	\$5,034,456	\$3,414,179	\$61,659,376	\$120,170,215

Page Reference

Legislative Budget Analysis, D-92

Funding

This program is funded primarily with general fund and has a minor amount of state special and federal special revenue. State special revenue funds are for inmate pay and the Montana State Prison canteen operations. Federal funds are education funds received via a pass through grant from the Office of Public Instruction.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					607,071					608,869
Vacancy Savings					(1,016,140)					(1,016,239)
Inflation/Deflation					59,511					45,689
Fixed Costs					(248)					(248)
Total Statewide Present Law Adjustments					(\$349,806)	(\$361,929)				
DP 6 - Secure Custody Overtime	0.00	824,255	0	0	824,255	0.00	824,255	0	0	824,255
DP 7 - MSP Inmate Pay		182,938	100,000	0	282,938	0.00	182,938	100,000	0	282,938
DP 11 - MSP - Federal Authority	0.00	0	0	93,584	93,584	0.00	0	0	93,584	93,584
DP 16 - Contract Bed Per Diem Rate Increase	0.00	1,441,218	0	0	1,441,218	0.00	4,414,950	0	0	4,414,950
DP 17 - Statewide FTE Reduction	(4.30)	(219,342)	0	0	(219,342)	(4.30)	(219,342)	0	0	(219,342)
Total Other Present Law Adjustments										
	(4.30)	\$2,229,069	\$100,000	\$93,584	\$2,422,653	(4.30)	\$5,202,801	\$100,000	\$93,584	\$5,396,385
Grand Total All Present Law Adjustments					\$2,072,847	\$5,034,456				

DP 6 - Secure Custody Overtime - The legislature approved general fund for overtime for the Montana State Prison and Women's Prison in the amount of \$824,255 for each fiscal year of the 2007 biennium. These funds were added to cover the 24 hour by 7 day per week by 365 days per year positions at these facilities. Overtime is zero based and removed the agency's base budget.

DP 7 - MSP Inmate Pay - The legislature approved state special revenue and general fund authority for inmate wages. Funds for inmate wages are a zero-based request. Education, vocational training, and inmate jobs are used for meaningful time occupation, increased self-esteem, and purchasing power for essentials and restitution for the inmates. Currently there are 802 inmates earning between \$1.25 and \$6.30 per day. The amounts approved by the legislature were \$182,938 in general fund and \$100,000 in federal funds for each year of the 2007 biennium.

DP 11 - MSP - Federal Authority - The legislature approved authority for federal funding of \$93,584 in each fiscal year of the 2007 biennium for funding that is anticipated to be received from the Office of Public Instruction for the Montana State Prison Adult Basic Literacy Education grant and Title I.

DP 16 - Contract Bed Per Diem Rate Increase - The legislature approved a general fund increase of \$2,941,218 in FY 2006 and \$5,914,950 in FY 2007 for per diem for contract beds. The department plans to fully use all available beds currently allowed by contract at both the privately owned prison in Shelby and all county-managed regional prisons. The department may also seek contract beds for special needs offenders that include the elderly, offenders with special medical or mental health needs, and sex offenders.

DP 17 - Statewide FTE Reduction - The legislature approved an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 4.30 FTE and the \$219,342 general fund per fiscal year are removed from the budget permanently.

New Proposals

New Proposals										
Program	FTE	Fiscal 2006				Fiscal 2007				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 22 - Increase Amount Paid to Regional Prisons										
03	0.00	147,859		0	147,859	0.00	295,718		0	295,718
DP 312 - CCA Per Diem Increase										
03	0.00	178,441		0	178,441	0.00	356,882		0	356,882
DP 315 - Expansion at Montana State Prison										
03	56.64	2,827,770		0	2,827,770	56.64	2,694,350		0	2,694,350
DP 320 - Additional Funding for Secure Beds										
03	0.00	73,181		0	73,181	0.00	67,229		0	67,229
Total	56.64	\$3,227,251		\$0	\$0	\$3,227,251	56.64	\$3,414,179	\$0	\$0

DP 22 - Increase Amount Paid to Regional Prisons - The legislature approved general fund of \$147,859 in FY 2006 and \$295,718 in FY 2007 to support an increase in the per diem amounts paid to the regional prisons operated by the counties. These prisons include those located in Cascade, Dawson, and Missoula counties.

DP 312 - CCA Per Diem Increase - The legislature approved general fund of \$178,441 in FY 2006 and \$356,882 in FY 2007 a for per diem increase to Corrections Corporation of America (CCA).

DP 315 - Expansion at Montana State Prison - The legislature approved general fund for 55.64 FTE and \$2,827,770 in FY 2006 and 55.64 FTE and \$2,694,350 in FY 2007 to staff and operate a revocation center at the Montana State Prison.

DP 320 - Additional Funding for Secure Beds - The legislature approved additional general fund for secure beds of \$73,181 in FY 2006 and \$67,229 in FY 2007.

Language

The legislature approved the following language for inclusion in HB2:

“The department shall report to the legislative finance committee, the law and justice interim committee, the governor, and the corrections advisory council by December 31, 2006, the results of any performance audit done on any prerelease center, regional prison, or private prison.”

Proprietary Rates**Proprietary Program Description**

The food factory program was established to provide cost effective nutritional meals to the Montana State Prison and other state and county agencies, using a cook-chill method of food preparation. The cook-chill method allows food to be prepared a week in advance and packaged in bulk or individual trays.

Proprietary Revenues and Expenses

The food factory derives its revenues from the sale of bulk food and tray based meals to customers. Currently the customers who are serviced by the food factory include: Montana State Prison, Montana State Hospital, Treasure State Correctional Training Center, Riverside Youth Correctional Facility, WATCH DUI unit, and the Helena Pre-release Center. Overall revenue levels are dependant on the average daily populations of customer facilities, which directly influence food requirements. Expenditures are based on operational need, cash flow, customer orders, product inventory levels, and product pricing.

Food Factory Rates

The food factory currently has two rate structures, one for customers that purchase only bulk food products and another for customers that purchase a complete tray based meal. Bulk food customers are charged the actual cost of food with a 3 percent increase for spoilage. In addition, they are charged a monthly overhead, which is a flat fee established using historical costs. The per meal tray based customer rates include the cost of delivery.

The rates for the 2007 biennium are as follows:

Montana State Prison	\$1.37
Riverside Youth Correctional Facility	\$2.01
WATCH DUI Unit	\$1.59
Helena Prerelease	\$2.01

Proprietary Rate Explanation

The Montana State Prison Food Factory currently has two rate structures. One rate structure is used for customers that purchase only bulk food products and another for customers that purchase a complete trayed meal. Bulk food customers are charged the actual cost of food with a 3% increase for spoilage. In addition, they are charged a monthly overhead charged, which is a flat fee established using historical costs. The per meal trayed customer rates include the cost of delivery.

Program Legislative Budget

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	14.25	0.00	0.00	14.25	0.00	0.00	14.25	14.25
Personal Services	703,440	65,129	0	768,569	64,598	0	768,038	1,536,607
Operating Expenses	1,020,217	3,876,362	0	4,896,579	627,200	0	1,647,417	6,543,996
Debt Service	216,708	0	0	216,708	(108,354)	0	108,354	325,062
Total Costs	\$1,940,365	\$3,941,491	\$0	\$5,881,856	\$583,444	\$0	\$2,523,809	\$8,405,665
General Fund	1,572,197	3,878,141	0	5,450,338	520,078	0	2,092,275	7,542,613
Federal Special	0	0	0	0	0	0	0	0
Proprietary	368,168	63,350	0	431,518	63,366	0	431,534	863,052
Total Funds	\$1,940,365	\$3,941,491	\$0	\$5,881,856	\$583,444	\$0	\$2,523,809	\$8,405,665

Page Reference

Legislative Budget Analysis, D-102

Funding

This program is funded with general fund and proprietary funds. General fund supports license plate production and vocational education activities. Proprietary funds support certain vocational activities. There are also non-budgeted proprietary funds that are generated from the sale of cattle, dairy products, refined lumber, and furniture.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(13,222)					(13,776)
Vacancy Savings					(27,608)					(27,585)
Inflation/Deflation					2,170					1,568
Total Statewide Present Law Adjustments					(\$38,660)	(\$39,793)				
DP 3 - License Plate Re-Issue	0.00	3,853,751	0	0	3,853,751	0.00	496,837	0	0	496,837
DP 8 - Vocational Education Inmate Payroll	0.00	40,000	0	0	76,400*	0.00	40,000	0	0	76,400*
DP 9 - Vocational Education Additional Authority for ISF	0.00	0	0	0	50,000*	0.00	0	0	0	50,000*
Total Other Present Law Adjustments										
	0.00	\$3,893,751	\$0	\$0	\$3,980,151*	0.00	\$536,837	\$0	\$0	\$623,237*
Grand Total All Present Law Adjustments					\$3,941,491*	\$583,444*				

DP 3 - License Plate Re-Issue - The legislature approved general fund to pay for the production of license plates. Section 61-3-332, MCA requires that new license plates be issued January 1, 2006. The amount requested is based on the production of 2,700,000 plates (1,350,000 sets) in FY 2006 and 735,000 plates (367,500 sets) in FY 2007. The personal services portion of this request includes inmate payroll of \$19,760 and anticipated overtime of \$9,799 for 2.00 FTE.

DP 8 - Vocational Education Inmate Payroll - The legislature approved funding for the zero based portion of inmate pay as well as an increase due to the increased number of students in the vocational education classes.

DP 9 - Vocational Education Additional Authority for ISF - The legislature approved additional authority for the vocational education internal service fund in the area of operating expenditures to cover the increase in the cost of parts and supplies needed in the motor vehicle maintenance production shop. This is a request for \$50,000 each year of proprietary funding.

Proprietary Rates

Proprietary Program Description

The Montana Correctional Enterprises (MCE) Industry program includes furniture, upholstery, print, sign, and laundry operations at the Montana State Prison facility. At the current time there are not any programs operating at the Montana Women's Prison or regional and private facilities. The MCE Ranch and Dairy operation includes range cattle, crops, feedlot, land management, dairy milking parlor, dairy processing, heifer reproduction, lumber processing, and the Montana Food Bank Cannery, which are all located at the Montana State Prison facility. The MCE Vocational Education program operates a motor vehicle maintenance shop and Toyota cutaway operation.

Proprietary Revenues and Expenses

MCE revenues are derived from product sales to state, county, and private customers. Operational needs, cash flow, economic return, customer orders, and product inventory levels determine the expenses. Overall revenue levels are dependant on marketing efforts, legislative restrictions, state agency purchases, retail outlet dealer sales, expansion and adjustment of the product line, private sector complaints, and private customer contracts. In addition, revenues from the industries laundry are dependant on the daily populations of Montana State Hospital and Montana State Prison, as the bulk of the processed laundry is from these two facilities.

MCE ranch and dairy revenues are based on the market value of products sold. Revenues can vary depending on the current market for range cattle and raw milk. Expenditures are dependant on operational needs, cash flow, economic return, weather conditions, product market prices, and discussion with the Ranch Advisory Committee.

MCE vocational education motor vehicle maintenance (MVM) revenues are based on customer vehicle and equipment repair and maintenance needs. Toyota revenues are based on contracts with the Toyota Company for producing motor vehicle cut-always and trainers. The main customers for the MVM operation are the MCE ranch and the Montana State Prison. Revenues, and the need for parts and supplies for the repairs, and contract projects determine the expenditure levels.

Proprietary Rate Explanation

The MCE Industries rates for furniture, upholstery, print and sign shops are based on competitive product pricing.

The current laundry rates are as follows:

Montana State Prison	\$.39 per pound
Treasure State Correctional Training Center	\$.39 per pound
Montana State Hospital	\$.38 per pound
Montana Developmental Center	\$.46 per pound
Riverside Youth Correctional Facility	\$.46 per pound

The break even cost for laundry operations is approximately \$.35 per pound without delivery costs. Any profit is maintained within the industries fund to be used for future laundry equipment replacement, as well as the overall industries enterprise operation.

MCE ranch and dairy rates are based on the current market prices of cattle, crops and dairy products. Lumber processing rates are based on current market value of the service performed.

Montana Food Bank Cannery is not based on a rate, but the actual cost of expenses incurred. MCE vocational education motor vehicle maintenance (MVM) and Toyota pricing are based on the cost of parts and an hourly labor charged. The labor charge covers the cost of the 4.00 FTE associated with the MVM and Toyota operations.

Program Legislative Budget

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	202.85	0.00	0.00	202.85	0.00	0.00	202.85	202.85
Personal Services	8,223,206	841,357	0	9,064,563	851,902	0	9,075,108	18,139,671
Operating Expenses	1,849,765	191,435	270,304	2,311,504	185,647	270,304	2,305,716	4,617,220
Equipment	5,350	0	0	5,350	0	0	5,350	10,700
Benefits & Claims	6,072,076	0	0	6,072,076	0	0	6,072,076	12,144,152
Total Costs	\$16,150,397	\$1,032,792	\$270,304	\$17,453,493	\$1,037,549	\$270,304	\$17,458,250	\$34,911,743
General Fund	15,485,203	800,201	0	16,285,404	804,958	0	16,290,161	32,575,565
State/Other Special	436,517	0	270,304	706,821	0	270,304	706,821	1,413,642
Federal Special	228,677	232,591	0	461,268	232,591	0	461,268	922,536
Total Funds	\$16,150,397	\$1,032,792	\$270,304	\$17,453,493	\$1,037,549	\$270,304	\$17,458,250	\$34,911,743

Page Reference

Legislative Budget Analysis, D-109

Funding

This program is funded primarily with general fund and has a minor amount of state special and federal special revenue. State special revenue funds are alcohol funds from the Department of Health and Human Services (DPHHS), Pine Hills Youth Correctional Facility canteen funds, interest and income from the Department of Natural Resources and Conservation, and juvenile parental contributions to the cost of care funds. Federal funds are from pass-through grants from the Office of Public Instruction and foster care IV-E payments from DPHHS.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				784,373					783,640	
Vacancy Savings				(360,307)					(360,273)	
Inflation/Deflation				13,435					7,647	
Total Statewide Present Law Adjustments				\$437,501					\$431,014	
DP 4 - Juvenile Corrections Division Overtime	0.00	332,700	0	0	332,700	0.00	343,944	0	0	343,944
DP 10 - Restore Inmate Pay	0.00	30,000	0	0	30,000	0.00	30,000	0	0	30,000
DP 15 - Juvenile Federal Authority Request	0.00	0	0	232,591	232,591	0.00	0	0	232,591	232,591
Total Other Present Law Adjustments										
	0.00	\$362,700	\$0	\$232,591	\$595,291	0.00	\$373,944	\$0	\$232,591	\$606,535
Grand Total All Present Law Adjustments				\$1,032,792					\$1,037,549	

DP 4 - Juvenile Corrections Division Overtime - The legislature approved an appropriation for overtime for personnel at the Riverside Youth Correctional Facility, the Pine Hills Youth Correctional Facility, and at the Great Falls Transition Center. Overtime is a zero-based budget item. These facilities are operational 24 hours per day and 365 days per year, and overtime is used to maintain staff coverage.

DP 10 - Restore Inmate Pay - The legislature approved funding for inmate pay, which is zero based, in the Restitution Program. The Restitution Program at Pine Hills Youth Correctional Facility currently operates with a combination of general fund money as well as income paid to juvenile offenders working with the Action For Eastern Montana's Youth Employment and Training Program (AEM). The focus of AEM has changed and the juvenile offenders at PHYCF can no longer rely on as many work spots as it has in the past. In order to maintain current level of victim restitution payments, additional general fund authority was added to replace the lost wages from AEM.

DP 15 - Juvenile Federal Authority Request - The legislature approved appropriation authority for annual federal grants that allow for the enhancement of education programs. These grants are from the Office of Public Instruction and include the Title I grant and the school foods grant for both Pine Hills and Riverside.

New Proposals

New Proposals										
Program	FTE	-----Fiscal 2006-----				-----Fiscal 2007-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 316 - Juvenile - Parental Contribution Authority										
05	0.00	0	270,304		0 270,304	0.00	0	270,304		0 270,304
Total	0.00	\$0	\$270,304		\$0 \$270,304	0.00	\$0	\$270,304		\$0 \$270,304

DP 316 - Juvenile - Parental Contribution Authority - The legislature approved funding authority of \$270,304 in each fiscal year of the biennium in state special revenue to allow Juvenile Corrections to use the funding received from parental contributions towards the cost of care for adjudicated youths.